

1 Reed R. Kathrein (139304)
2 Peter E. Borkon (212596)
3 Danielle Charles (291237)
4 HAGENS BERMAN SOBOL SHAPIRO LLP
5 715 Hearst Avenue, Suite 202
6 Berkeley, CA 94710
7 Telephone: (510) 725-3000
8 Facsimile: (510) 725-3001
9 reed@hbsslaw.com
10 peterb@hbsslaw.com
11 daniellec@hbsslaw.com

12 *Attorneys for Plaintiffs*
13 *[Additional counsel listed on signature page]*

14 UNITED STATES DISTRICT COURT
15 FOR THE NORTHERN DISTRICT OF CALIFORNIA

16 BRUCE MACDONALD, Individually and on
17 Behalf of All Others Similarly Situated,
18
19 Plaintiff,

20 v.

21 DYNAMIC LEDGER SOLUTIONS, INC., a
22 Delaware corporation, TEZOS
23 STIFTUNG, a Swiss Foundation,
24 KATHLEEN BREITMAN, an
25 Individual, ARTHUR BREITMAN,
26 an Individual, TIMOTHY COOK DRAPER, an
27 individual, DRAPER ASSOCIATES, JOHANN
28 GEVERS, DIEGO PONZ, GUIDO SCHMITZ-
KRUMMACHER, BITCOIN SUISSE AG,
NIKLAS NIKOLAJSSEN and DOES 1-100,
INCLUSIVE,
Defendants.

Case No. 3:17-cv-07095-RS

***EX PARTE APPLICATION FOR
TEMPORARY RESTRAINING
ORDER AND ORDER TO SHOW
CAUSE WHY A PRELIMINARY
INJUNCTION SHOULD NOT ISSUE***

APPLICATION

Pursuant to Rule 65(b) of the Federal Rules of Civil Procedure, Plaintiff Bruce MacDonald (“Plaintiff”) moves for a temporary restraining order (“TRO”) freezing all assets of Defendants¹ collected via or derived from the Tezos Initial Coin Offering (the “Tezos ICO” and the “ICO Proceeds,” respectively) and restraining and enjoining Defendants from selling, transferring, converting, or otherwise disposing of any of the ICO Proceeds or taking any action to authorize anyone else to sell, transfer, convert, or otherwise dispose of any of the ICO Proceeds until Plaintiff has had sufficient time to conduct appropriate discovery in preparation for a preliminary injunction hearing and this Court issues a ruling on its Order to Show Cause Why a Preliminary Injunction Should Not Issue.

Three other actions concerning the Tezos ICO have been filed in this court, or are otherwise related to this action (Case Nos. 3:17-cv-06779-RS; 3:17-cv-06850-RS; and 3:17-cv-06829-RS). In one of these actions, a Motion for Preliminary Injunction is pending, with a hearing scheduled for January 11, 2018.² However, the situation regarding the ICO Proceeds has deteriorated further, making irreparable looting an imminent prospect. Two days ago, one of three directors of the Foundation resigned—creating further turmoil and raising serious questions about the safety of the ICO proceeds raised in July.³ The currency tendered by the investors was worth \$232 million at the time and is now reportedly worth over \$1 billion. Waiting almost four weeks to address these concerns could be too late.

Moreover, the present action differs from the other actions in that it makes only state law

¹ Defendants are Dynamic Ledger Solutions, Inc. (“DLS”), Tezos Stiftung (the “Tezos Foundation”), Kathleen Breitman, Arthur Breitman, Timothy Cook Draper, Draper Associates, Johann Gevers, Diego Ponz, Guido Schmitz-Krummacher, Bitcoin Suisse AG, and Niklas Nikolajsen.

² See *Okusko v. Dynamic Ledger Solutions, Inc. et al.* (N.D. Cal. Dec. 4, 2017, Case No. 3:17-cv-06829-RS) at ECF. No. 9.

³ Reuters, Tezos director resigns, sowing more uncertainty .t crypt startup. December 12, 2017, <https://www.reuters.com/article/us-bitcoin-tezos-board/tezos-director-resigns-sowing-more-uncertainty-at-crypto-startup-idUSKBN1E62KN>

claims for relief, and names additional defendants who, together with the other defendants represent what is believed to be all of the controlling signatories for the ICO funds at issue. The present action also does not have a Securities Act cause of action, which means it is not subject to the automatic stay of discovery or lead plaintiff procedures required under the Private Securities Litigation Reform Act of 1995 (PSLRA).

Importantly, the hearing scheduled for January 11, 2018 is based on a motion that does not address the more pressing concern of the Defendants' current and ongoing sale and conversion of ICO proceeds—which is the primary basis of the urgency of this Application for a Temporary Restraining Order. Once converted to cash, the currency may no longer be traceable to Defendants or their original owners. And as cash, it can disappear quickly into the void.

Counsel for Plaintiff has given notice or attempted to give notice to each of the Defendants of the date and substance of this Application as set forth in the accompanying Certification Regarding Notice. Counsel for Defendant Dynamic Ledger Solutions, Inc. has replied to the notice by email and stated that “We will oppose any application for a temporary restraining order, and we wish to be heard in opposition to any such application.” A copy of that email is attached as Exhibit A to the Certification Regarding Notice.

This application is made on the grounds set forth in the accompanying Memorandum in Support; and exhibits attached thereto; all pleadings and papers filed in this action; the argument of counsel; and further evidence as the Court may consider at or before a hearing regarding this Application or the hearing regarding the Order to Show Cause requested herein.

DATED: December 14, 2017

HAGENS BERMAN SOBOL SHAPIRO LLP

By: /s/ Reed R. Kathrein

Reed R. Kathrein (139304)

Peter E. Borkon (212596)

Danielle Charles (291237)

715 Hearst Ave., Suite 202

Berkeley, CA 94710

Telephone: (510) 725-3000

Facsimile: (510) 725-3001

Email: reed@hbsslaw.com

peterb@hbsslaw.com

daniellec@hbsslaw.com

Steve W. Berman

HAGENS BERMAN SOBOL SHAPIRO LLP

1918 Eighth Avenue, Suite 3300

Seattle, WA 98101

Telephone: (206) 623-7292

Facsimile: (206) 623-0594

Email: steve@hbsslaw.com

Jason M. Leviton (*pro hac vice to be submitted*)

Joel A. Fleming (281264)

Jacob A. Walker (271217)

BLOCK & LEVITON LLP

155 Federal Street, Suite 400

Boston, MA 02110

Telephone: (617) 398-5600

Facsimile: (617) 507-6020

Email: jason@blockesq.com

joel@blockesq.com

jake@blockesq.com

Attorneys for Plaintiffs